

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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LUMINENT MORTGAGE CAPITAL, INC.;	:	
MINERVA MORTGAGE FINANCE	:	
CORPORATION; and MERCURY MORTGAGE	:	07 Civ. 9340 (PKC)
FINANCE STATUTORY TRUST,	:	
	:	
Plaintiffs,	:	
	:	
v.	:	
	:	
HSBC SECURITIES (USA) INC.,	:	
	:	
Defendant.	:	
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**DECLARATION OF JEFFREY A. ROSENTHAL IN
SUPPORT OF HSBC SECURITIES (USA) INC.'S MOTION FOR
LEAVE TO AMEND ITS ANSWER AND COUNTERCLAIMS**

I, JEFFREY A. ROSENTHAL, hereby declare under penalty of perjury of the laws of the United States of America pursuant to 28 U.S.C. § 1746:

1. I am a member of the firm of Cleary Gottlieb Steen & Hamilton LLP, counsel to defendant HSBC Securities (USA) Inc. ("HSBC") in the above-captioned proceeding. I have been a member of the bar of this Court in good standing since 1993.

2. On October 18, 2007, Plaintiffs Luminent Mortgage Capital, Inc., Minerva Mortgage Finance Corporation, and Mercury Mortgage Finance Statutory Trust (collectively "Plaintiffs"), filed their Complaint in this action against HSBC.

3. On November 29, 2007, HSBC filed its Answer and Counterclaims against Plaintiffs.

4. On December 31, 2007, Plaintiffs filed their responses to HSBC's counterclaims.

5. The parties have exchanged initial document requests and interrogatories but have not yet produced documents in response to these requests.

6. On December 7, 2007, the Court issued a Rule 16 Case Management Plan and Scheduling Order, which provides that the parties may file amended pleadings with leave of the Court within thirty (30) days from the date of Plaintiffs' responses to HSBC's counterclaims.

7. HSBC seeks leave to amend its Answer and Counterclaims to add and clarify certain facts ascertained during preparation for discovery. In its proposed Amended Answer and Counterclaims, HSBC does not add additional parties or counterclaims. A copy of HSBC's proposed Amended Answer and Counterclaims is annexed hereto as Exhibit A. A copy of a blackline of HSBC's proposed Amended Answer and Counterclaims against HSBC's original Answer and Counterclaims is annexed hereto as Exhibit B.

8. For the reasons set forth above, HSBC believes good cause exists to grant it leave to amend its Answer and Counterclaims, and that there is no undue prejudice to Plaintiffs and no undue delay to the proceeding.

9. HSBC respectfully requests that Local Rule 7.1 be waived as no novel issues of law are presented.

Dated: New York, New York
January 30, 2008

/s/
JEFFREY A. ROSENTHAL